



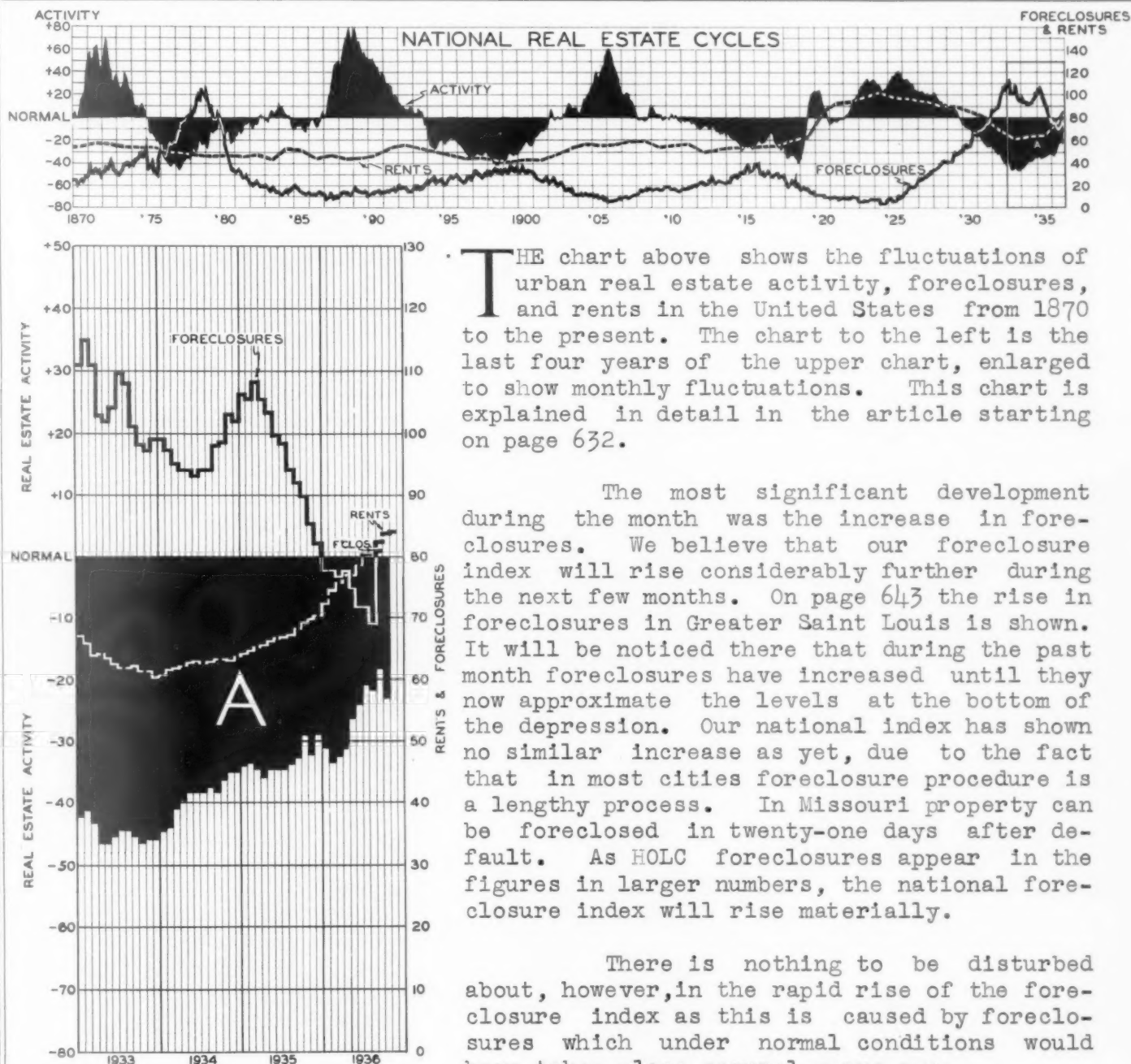
# The Real Estate ANALYST

NOVEMBER  
1936

Roy Wenzlick  
Editor

A concise easily digested monthly analysis based upon scientific research in real estate fundamentals and trends...Constantly measuring and reporting the basic economic factors responsible for changes in trends and values...Current Studies...Surveys...Forecasts

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Real Estate Economists, Appraisers and Counselors



THE chart above shows the fluctuations of urban real estate activity, foreclosures, and rents in the United States from 1870 to the present. The chart to the left is the last four years of the upper chart, enlarged to show monthly fluctuations. This chart is explained in detail in the article starting on page 632.

The most significant development during the month was the increase in foreclosures. We believe that our foreclosure index will rise considerably further during the next few months. On page 643 the rise in foreclosures in Greater Saint Louis is shown. It will be noticed there that during the past month foreclosures have increased until they now approximate the levels at the bottom of the depression. Our national index has shown no similar increase as yet, due to the fact that in most cities foreclosure procedure is a lengthy process. In Missouri property can be foreclosed in twenty-one days after default. As HOLC foreclosures appear in the figures in larger numbers, the national foreclosure index will rise materially.

There is nothing to be disturbed about, however, in the rapid rise of the foreclosure index as this is caused by foreclosures which under normal conditions would have taken place several years ago.

Our index of residential rents showed a further increase for the month--the thirty-fourth consecutive month that this index has risen. The figures coming to us from various cities would indicate that in many cities the absorption of vacancy is going on at a rather rapid rate.

## REAL ESTATE ACTIVITY

THE chart on the opposite page shows a comparison of the fluctuations in real estate activity in various principal cities from 1913 to the present. All figures have been adjusted for population changes and for seasonal fluctuation. Each city can be compared with every other city, as a one inch rise on the curve for any city represents the same percentage of increase that a one inch rise represents on the curve of any other city. It will be found by measuring that the jumps in real estate activity from 1918 to 1920 in Cleveland, Kansas City, Los Angeles, and New York are almost identical. By plotting this measurement to the scale in the upper right hand corner of the chart it will be found that in this period real estate activity in these cities increased by approximately 160%. Any measurement on any of these curves can be carried over to this scale and the percentage of increase or decrease determined, measuring increases on the left hand side of the scale from the bottom zero and decreases on the right hand side of the scale from the top zero.

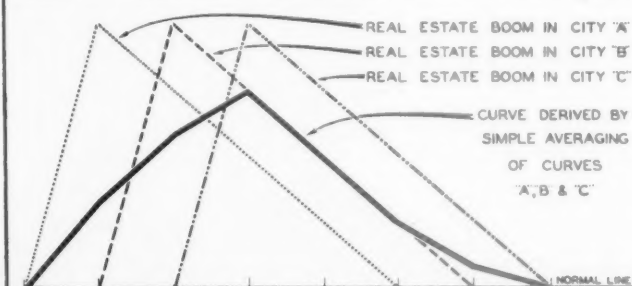
The striking thing about these lines is not their differences but their similarities. It will be noticed that the trends in most cities have been quite similar. The real estate boom in Oklahoma City, due primarily to oil, is the one outstanding exception.

### TYPICAL REAL ESTATE CYCLES IN PRINCIPAL CITIES 1870 - 1936

IN the April, 1936, issue of the Real Estate Analyst we showed for the first time a national charting of real estate cycles in principal cities. We stated then, and have repeated each time this chart has subsequently appeared, that this charting was preliminary, as the early years particularly were based on an insufficient number of cities. On pages 636 to 638 in this issue we show a new chart of real estate activity. This chart is not entirely a revision of the earlier chart. It is more nearly an entirely new and different charting of a very much larger number of cities. The differences, however, between this chart and the earlier chart do not consist solely in the addition of many more cities. A different technique has been used in the preparation of the original data.

Real estate booms, particularly in the earlier years in the United States, did not always start simultaneously in all portions of the country. In some cities the boom developed earlier than it did in others. Our experience in our earlier attempts to construct a national chart has been that the averaging of the real estate activity figures from the various cities destroyed to a rather marked degree the typical pattern of the booms and depressions in any given city. As a rule the real estate cycle in any city has moved in a rather saw tooth fashion, with a more rapid rise and a slower decline. In the preliminary charting shown in the April

issue the real estate booms in the early years have lost much of this saw-toothed shape.

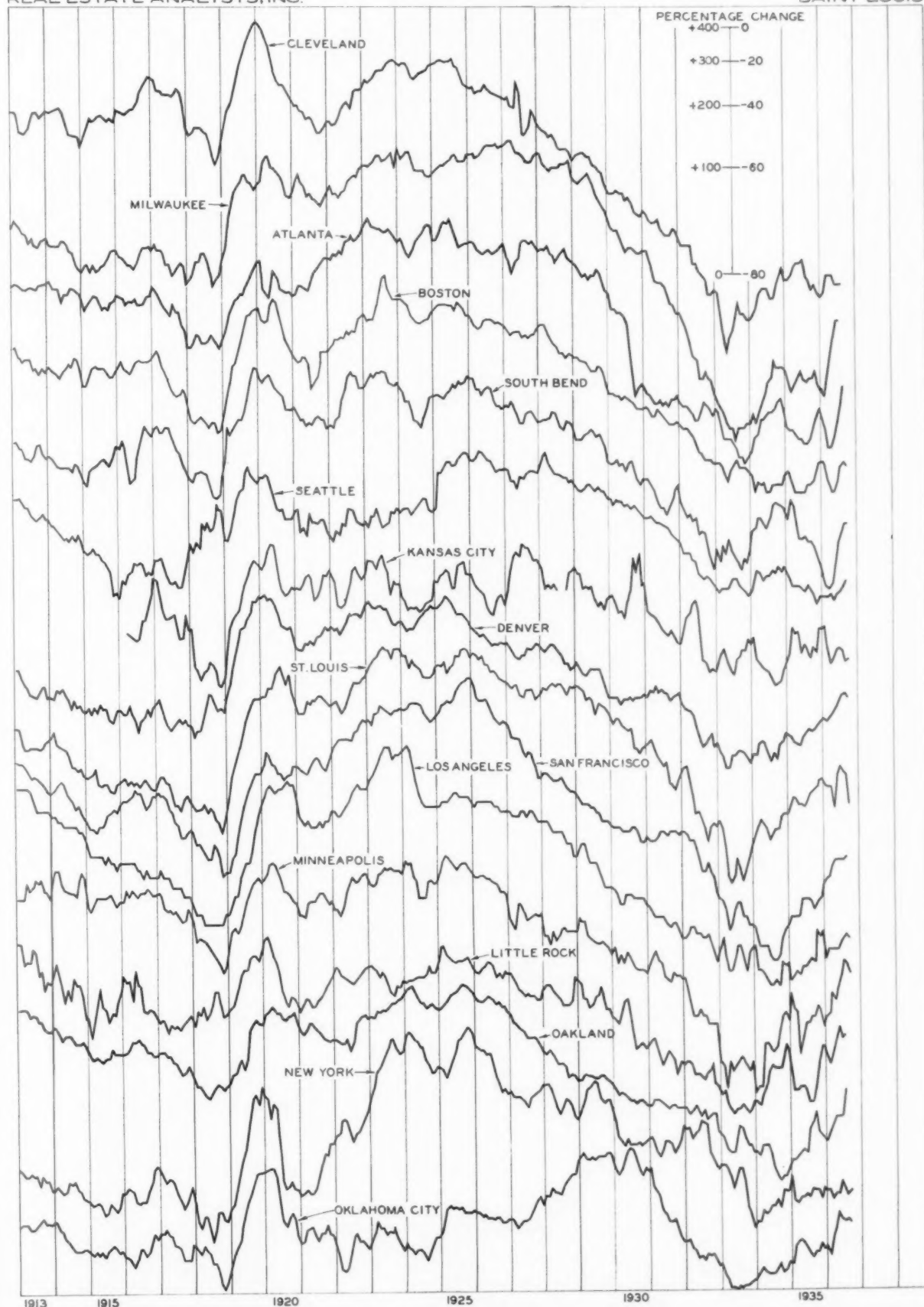


In the diagram to the left we show in a much exaggerated fashion why this is true. In this diagram we are charting imaginary real estate (continued on page 635)

# COMPARISON OF THE FLUCTUATIONS IN REAL ESTATE ACTIVITY IN VARIOUS CITIES 1913-1936

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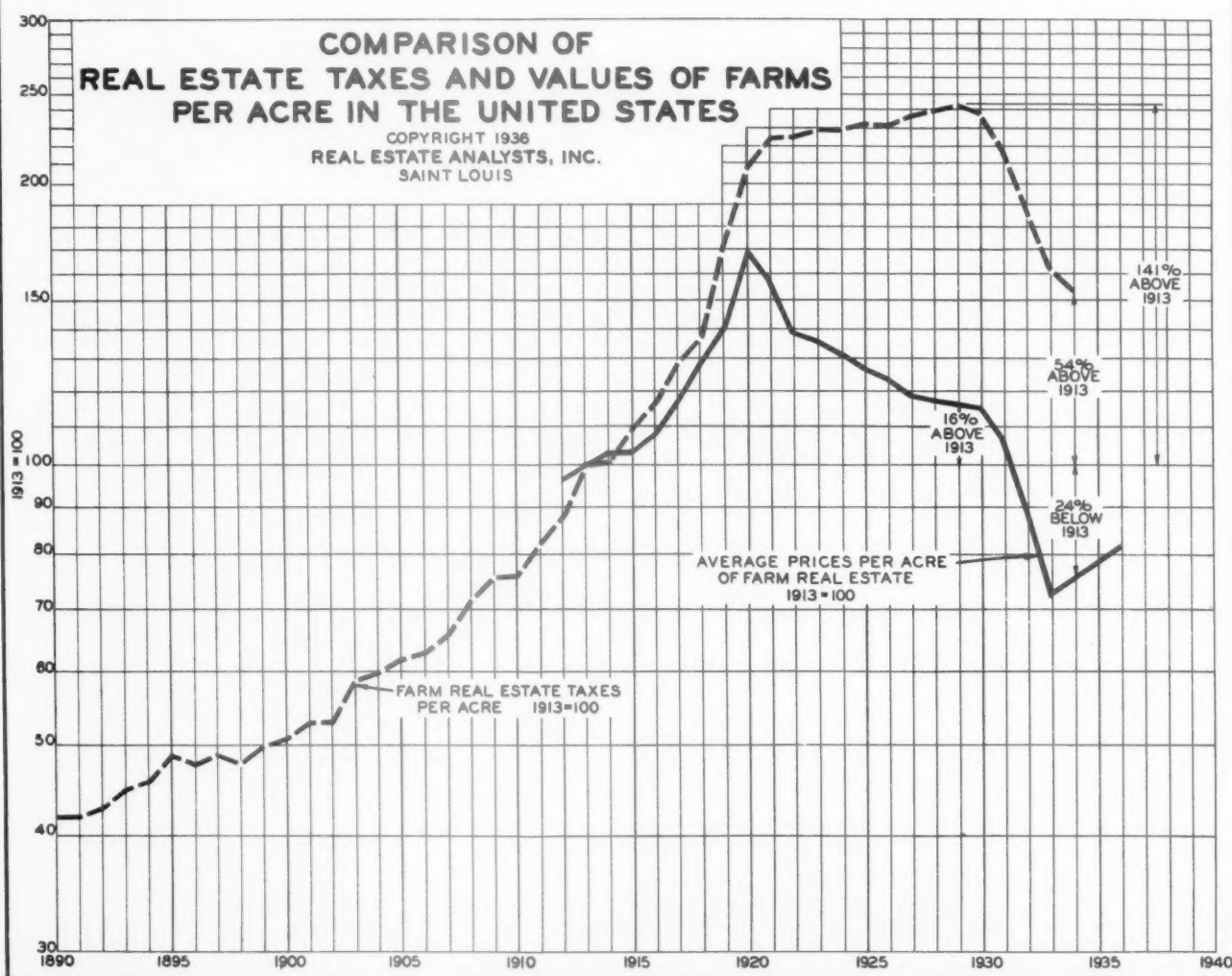
## FARM REAL ESTATE TAXES

**T**HE chart below shows a comparison of the fluctuations in real estate taxes per acre on farm properties in the United States with the fluctuations in value of farm properties per acre. The base figures we have used for both lines were prepared by the Department of Agriculture. The year 1913 was considered as 100 for both lines.

It will be noticed immediately that the real estate tax load has increased much faster and farther than the increase in values. In 1929 real estate taxes per acre were 141% higher than they were in 1913, while real estate values were only 16% higher. In 1934, the last year in which a comparison is possible, real estate taxes were 54% above 1913, while real estate values were 24% below 1913.

We think there is a definite relationship between the increase in taxes and the decrease in values. Value of farm lands depends primarily on the net return possible from the land. Unless high taxes would bring either a proportionate increase in yield, a decrease in operating expense, or an increase in the price of farm products, higher taxes must necessarily cut the net return, which in turn cuts the value per acre of farm lands.

High taxes are definitely responsible for depressing farm values further than they would otherwise have gone.



(continued from page 632)

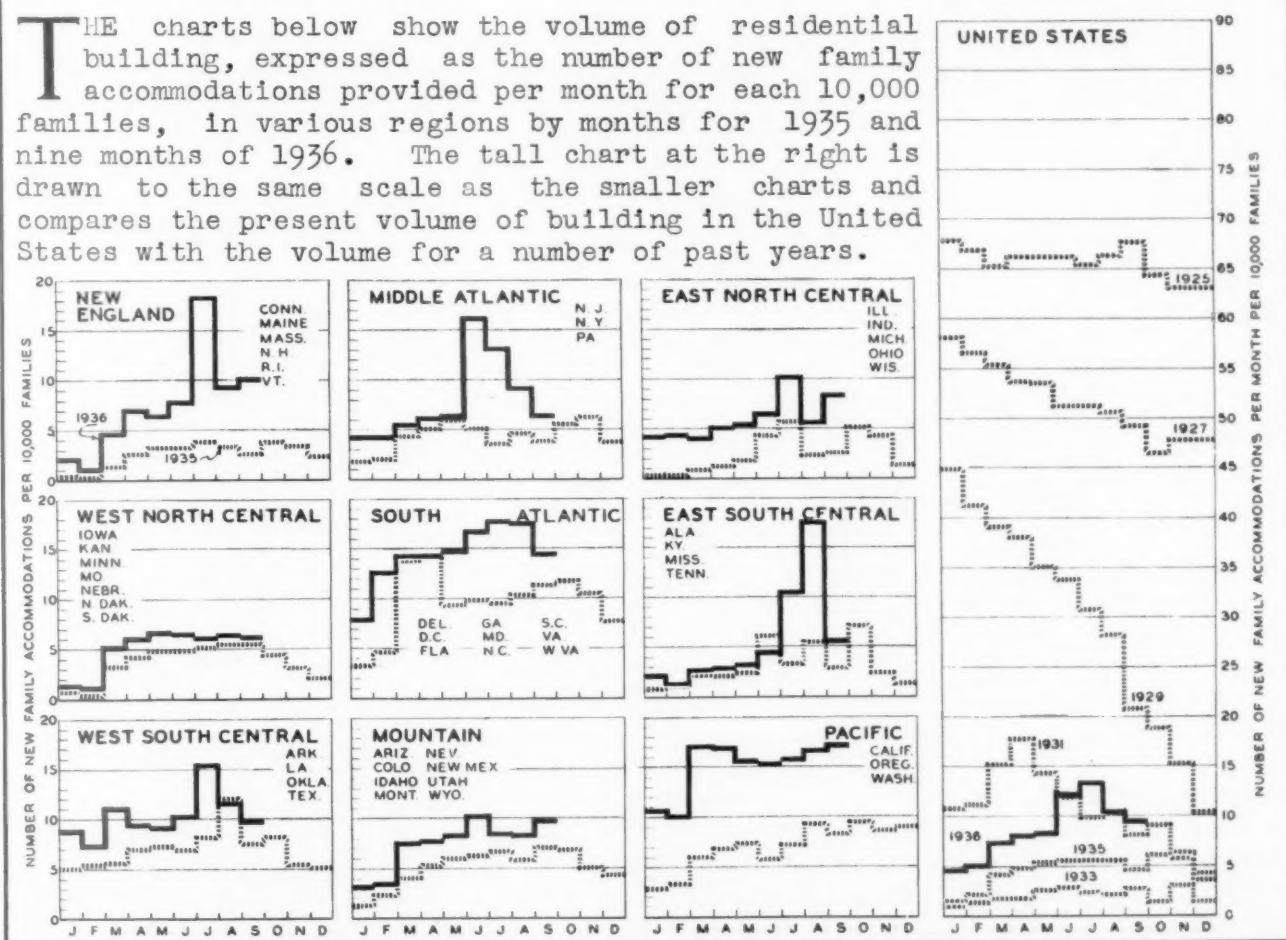
booms in three different cities. For the sake of illustration we have shown each of these booms as identical in pattern but occurring at a slightly different time. If these booms are averaged and a composite line drawn, the composite will take the shape shown by the heavy line on the chart. It can readily be seen that this resulting line is not typical of any of the three cities and that the peak of the boom is shown later than the average of the three.

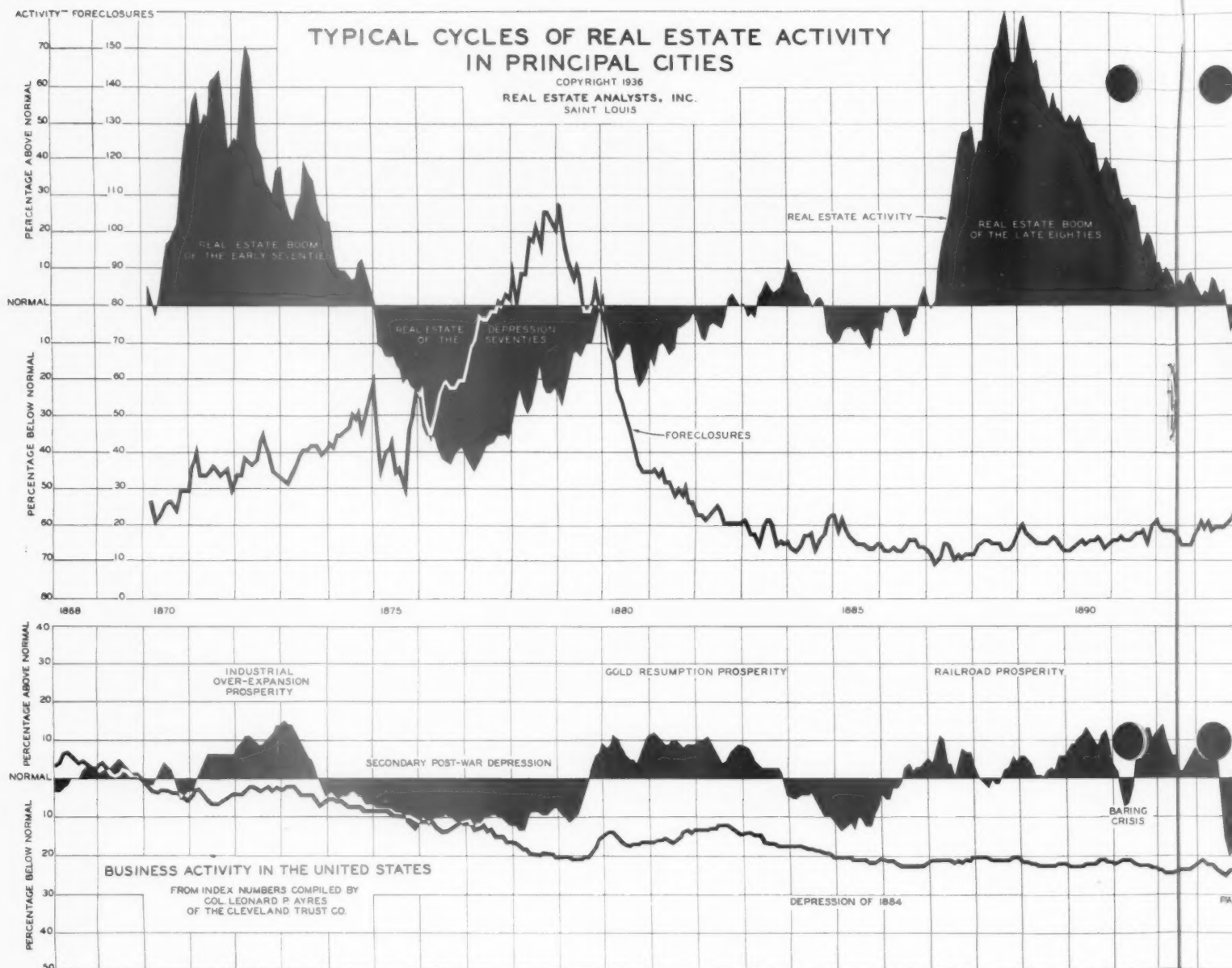
Because of these facts an effort has been made in the present chart to preserve, in so far as possible, the typical shape of the real estate cycles found in the various cities. In order to do this the cycles for each individual city have been shifted forward or backward in time so that they would coincide as nearly as possible, and the composite chart shown was made after this shifting took place. The position of each boom on our final chart is shown in the average position in which it occurred in the various cities. This technique can best be illustrated by referring again to our diagram. If City A is moved over one space to the right and City C is moved over one space to the left, the three patterns will coincide; and the average of the three will preserve the shape of each. The position of the peak will also be more typical of the three cities

(continued on page 636)

## RESIDENTIAL BUILDING BY REGIONS

THE charts below show the volume of residential building, expressed as the number of new family accommodations provided per month for each 10,000 families, in various regions by months for 1935 and nine months of 1936. The tall chart at the right is drawn to the same scale as the smaller charts and compares the present volume of building in the United States with the volume for a number of past years.

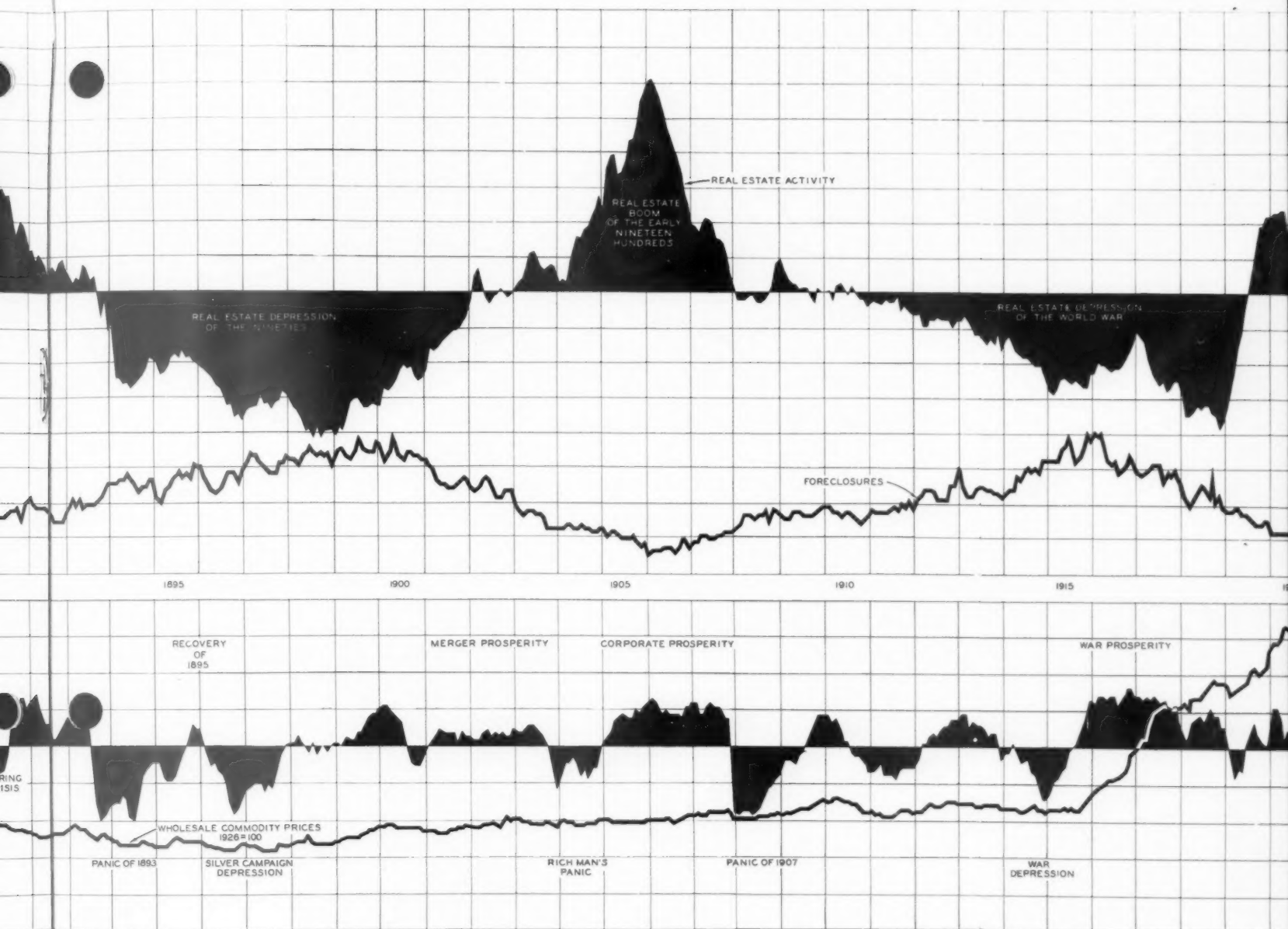




than is the position procured by a straight averaging of the totals.

It will be noticed that the heights of the booms and depressions in this new charting are not the same as they were on the chart published last April. This is due primarily to two reasons. In the first place, as will be seen from the diagram, the heavy composite line does not rise as high as the individual peaks from which it is derived. However, if the peaks are shifted to get the greatest degree of overlapping before the averaging takes place, the resulting composite will preserve the real height of these booms. This change in method increases the height of the booms of the seventies and eighties. In the second place, the inclusion of a great many smaller cities has lessened the extremes of the last boom and the present depression. Our original chart last April was based on only the largest cities. The present charting includes all figures on all cities where we have been able to accumulate the figures.

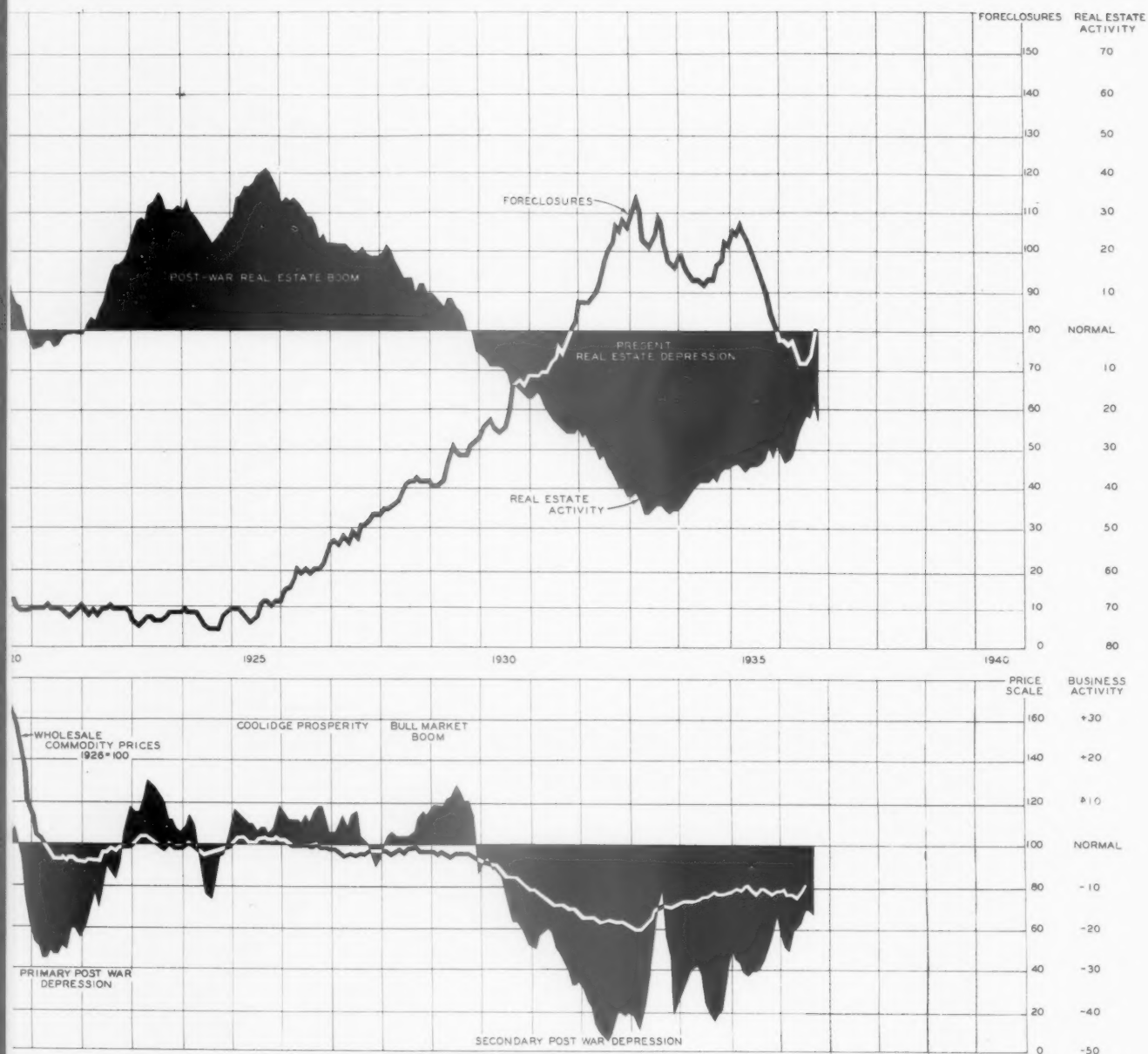




The foreclosure line on the chart has also undergone some revision and is, we believe, more accurate than the one formerly used on our charts.

The charting of the material shown above, however, is in no way to be construed as a final charting. All charts and studies made by Real Estate Analysts, Inc., are tentative, subject to revision as often as additional material or improved technique makes possible a more accurate portrayal of the factors influencing the real estate market.

For comparative purposes we have shown below the charting of typical real estate cycles the chart prepared by Colonel Leonard P. Ayres of the Cleveland Trust Company on general business activity in the United States. The rather marked differences between the fluctuations in general business and the fluctuations in real estate are readily apparent from



this comparison. These can be summarized as follows:

1. The real estate cycle follows a more regular pattern.
2. The real estate cycle is consistently more extreme in its swing than is the general business cycle.
3. The real estate cycle is consistently much longer than the general business cycle.
4. Real estate apparently goes into a boom rather quickly but activity subsides over a long period of years.

On the lower chart we have also shown an index of wholesale commodity prices.







## BACK TO THE FARM MOVEMENTS AND REAL ESTATE

**I**N August, 1933, we wrote a report on the impossibility of the success of the Administration's "back to the farm movement". We pointed out that, in each period of extreme depression, back to the farm movements had developed in the past, that at the time they were always taken as a sign that cities had reached their growth, and that they had always been short lived. We were quite positive that the then present back to the farm movement would fail.

We have just received the reports of the Census Bureau and the Department of Agriculture, from which it is possible to measure the movements to and from the farms. We have tried on the chart below to show the net movements between farms and cities each year from 1920 through 1935. These are net movements only; for instance, in 1922 1,115,000 persons left the cities for the farms, while 2,252,000 persons left the farms for the cities, leaving a net movement to the cities of 1,137,000 persons, the figure charted below for 1922.

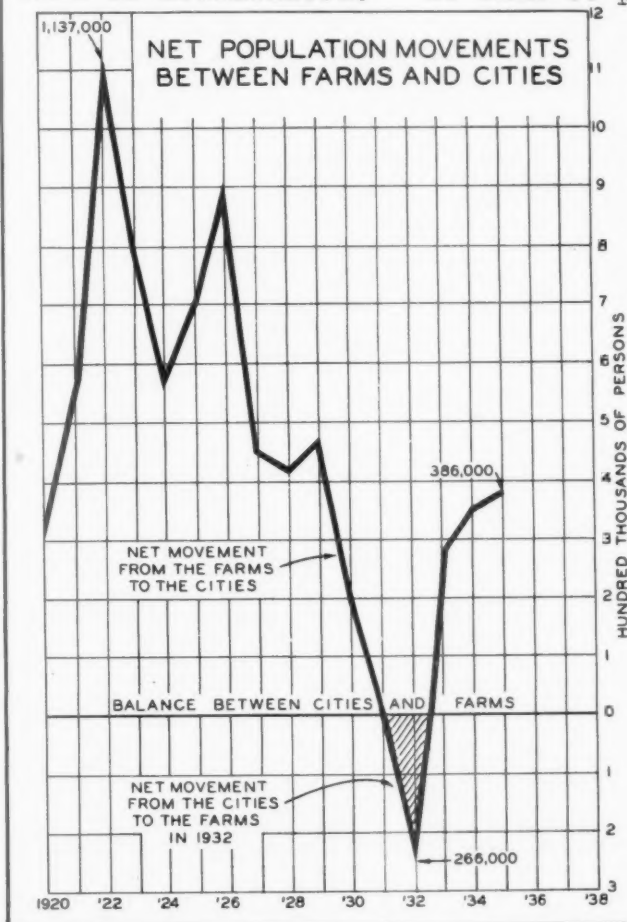
This chart shows some interesting things. It will be noticed that in only one year of the fifteen years charted was the net movement from the cities to the farms, and ironically that year was 1932, the year before the official "back to the farm movement" started. All of the efforts since 1933 to resettle the excess urban population on the farms have not succeeded in preventing the resumption of the cityward movement from the farms.

During the next few years this net movement to the cities will be accentuated. It will be partially responsible for the housing

shortage which we think will develop in cities. It will also be one of the causes and one of the results of a more rapid rise in urban real estate values than in farm values.

In spite of this fact and in spite of the tax situation shown on page 634, we think that farms, suitable for diversified crops, well selected as to location and soil, and well managed, may prove very desirable investments in case inflation should go further than now seems probable to most students of the question.

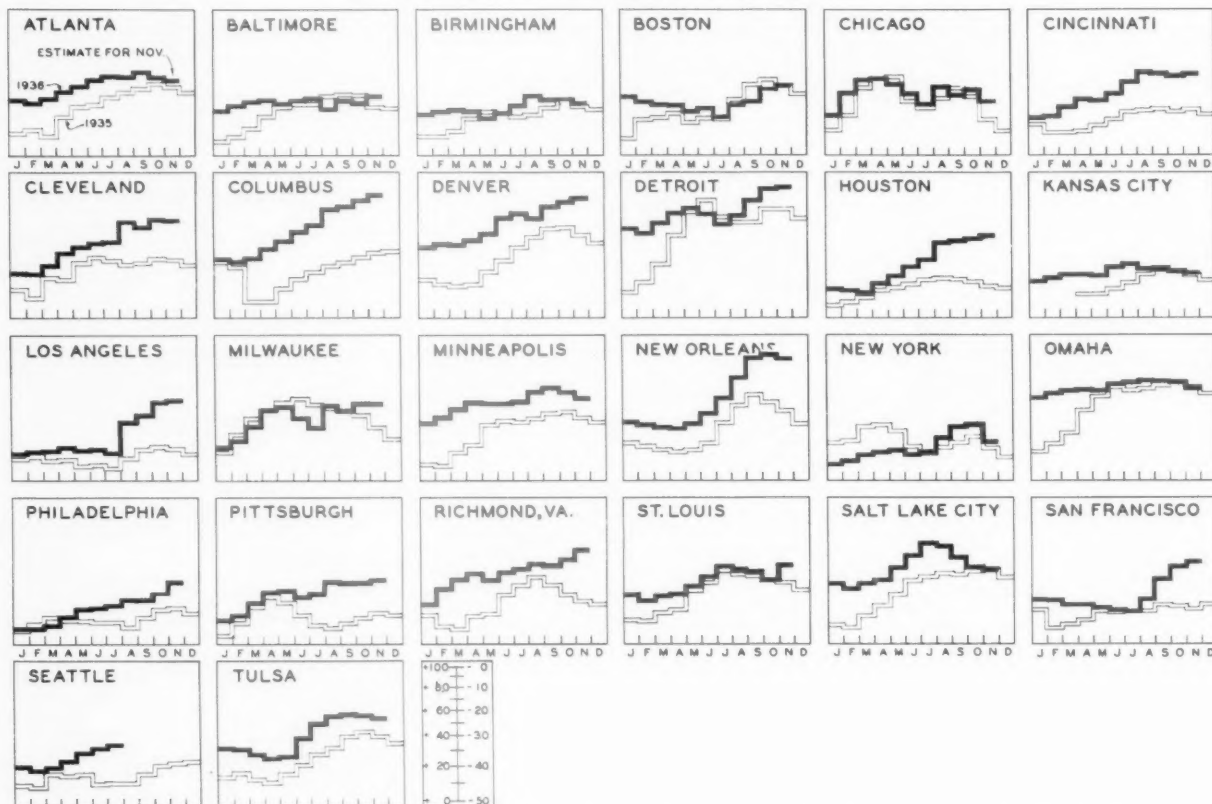
Farms on the average throughout the United States last year increased by 3.8% in value over the preceding year. They are now 12.3% above the depression low, but they are still 52% below the high, and 18% below the level of 1913. We think that well-selected farm lands will continue to increase in value.





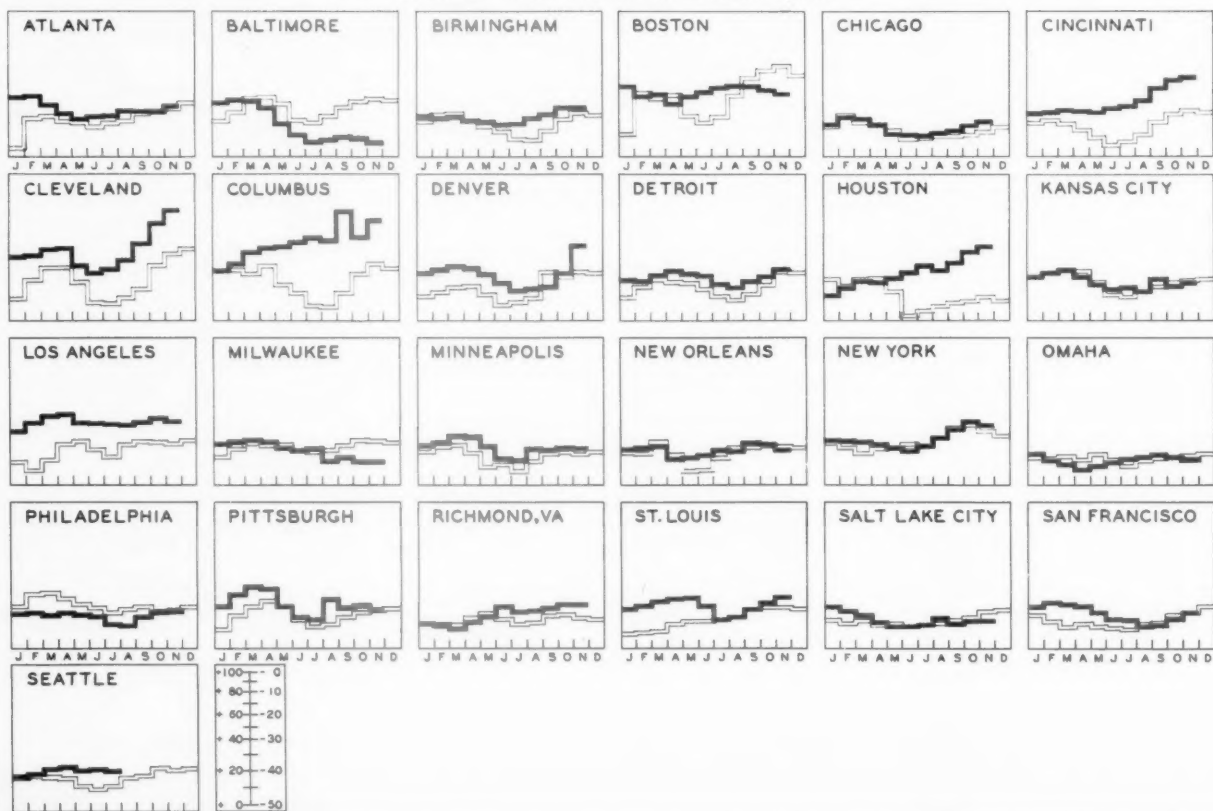
## AVERAGE ADVERTISED SINGLE FAMILY DWELLING RENTS 1935-1936

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## AVERAGE ADVERTISED APARTMENT RENTS 1935-1936

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## ADVERTISED RENTALS ON DWELLING UNITS

**T**HE Real Estate Analyst computes the average advertised rents of residential units of various types each month in the twenty-six metropolitan cities listed below. The figures given are average rents per month per room for all units of each type, large and small, advertised in the classified columns of the leading newspapers of each city.

The average of all places advertised for rent will vary considerably from month to

month due to the inclusion some months of a larger number of either high or low priced units. That the trend is definitely up in most cities is indicated by the figures below and the charts opposite.

The November figures are preliminary, based on the advertisements appearing during the first two weeks of the month. In a majority of the cities these preliminary figures are above the final figures for November, 1935.

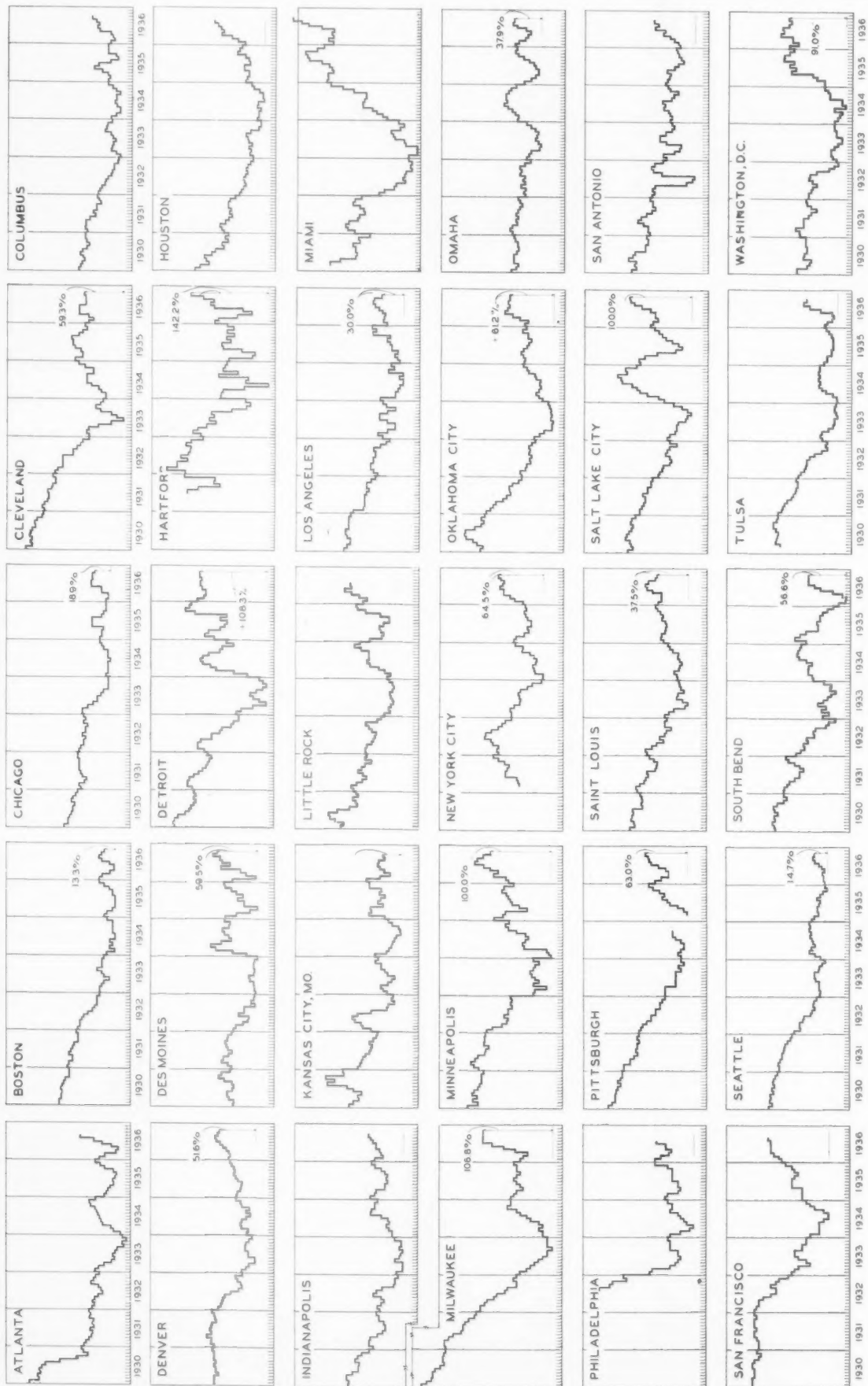
	1935		1936										
	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	*Nov.
<b>SINGLE FAMILY DWELLINGS</b>													
Atlanta	\$7.12	\$6.93	\$6.68	\$6.59	\$6.71	\$6.97	\$7.15	\$7.39	\$7.51	\$7.50	\$7.65	\$7.43	\$7.34
Baltimore	5.79	5.75	5.69	5.82	5.95	5.97	5.89	5.99	6.02	5.71	5.94	5.93	6.09
Birmingham	5.15	5.08	4.96	5.03	5.06	5.03	4.87	5.00	5.18	5.43	5.33	5.30	5.21
Boston	7.89	7.55	7.47	7.27	7.17	7.15	6.93	7.04	6.72	7.16	7.24	7.71	7.89
Chicago	8.42	7.98	8.63	9.66	10.32	10.37	10.11	9.63	9.12	9.96	9.60	9.80	9.30
Cincinnati	8.23	8.02	7.92	7.96	8.35	8.68	8.65	8.93	9.48	9.93	9.90	9.81	9.85
Cleveland	8.08	7.84	7.59	7.56	7.88	8.40	8.67	8.83	8.86	9.84	9.55	9.95	9.85
Columbus	5.59	5.61	5.42	5.36	5.44	5.71	5.95	6.23	6.42	6.98	7.03	7.35	7.52
Denver	6.11	5.89	5.77	5.84	5.82	5.96	6.17	6.67	6.80	6.65	7.05	7.18	7.33
Detroit	8.75	8.33	7.93	7.74	8.12	8.56	8.79	8.51	8.09	8.43	9.11	9.66	9.78
Houston	7.10	7.01	7.00	6.92	6.84	7.20	7.47	7.81	8.09	8.86	8.90	9.05	9.20
Kansas City	4.96	4.85	4.84	4.92	5.00	5.00	4.99	5.20	5.28	5.15	5.17	5.05	5.00
Los Angeles	8.87	8.64	8.68	8.72	8.74	8.95	8.80	8.81	8.69	10.15	10.36	10.97	11.15
Milwaukee	7.87	7.41	7.17	7.35	7.90	8.59	8.71	8.26	7.88	8.80	8.55	8.81	8.82
Minneapolis	6.18	6.02	6.04	6.22	6.49	6.69	6.67	6.67	6.71	7.05	7.20	7.05	6.85
New Orleans	5.71	5.43	5.41	5.36	5.28	5.25	5.38	5.66	6.11	6.75	7.41	7.53	7.30
New York	11.82	11.36	10.93	11.11	11.40	11.69	11.71	11.40	11.61	12.50	13.23	13.42	12.37
Omaha	6.45	6.22	6.14	6.27	6.34	6.38	6.36	6.57	6.62	6.69	6.66	6.65	6.41
Philadelphia	6.02	5.78	5.46	5.46	5.52	5.79	6.01	6.03	6.11	6.30	6.30	6.44	6.85
Pittsburgh	7.03	6.98	6.81	6.98	7.41	7.84	7.89	7.67	7.78	8.25	8.20	8.20	8.27
Richmond	6.24	6.16	6.17	6.65	6.98	7.18	6.96	7.21	7.32	7.52	7.46	7.69	8.04
Saint Louis	6.81	6.59	6.45	6.27	6.43	6.48	6.72	7.07	7.42	7.31	7.20	6.86	7.39
Salt Lake City	5.83	5.63	5.49	5.33	5.49	5.58	5.91	6.30	6.70	6.60	6.26	5.97	5.91
San Francisco	7.19	7.35	7.55	7.54	7.36	7.36	7.24	7.16	7.11	7.55	8.34	8.86	9.09
Seattle	5.62	5.65	5.55	5.45	5.51	5.70	5.96	6.09	6.19	x	x	x	x
Tulsa	7.16	6.92	6.77	6.74	6.56	6.42	6.48	7.11	7.67	7.97	8.00	7.96	7.84
<b>HEATED APARTMENT UNITS</b>													
Atlanta	10.33	10.67	10.89	10.91	10.42	10.00	9.71	9.82	9.89	10.13	10.10	10.33	10.22
Baltimore	12.04	12.00	11.93	12.05	12.02	11.65	10.74	10.09	9.79	9.88	9.94	9.75	9.59
Birmingham	8.71	8.64	8.61	8.54	8.57	8.45	8.39	8.26	8.27	8.52	8.68	8.98	8.97
Boston	13.46	12.79	12.17	11.55	11.68	11.13	11.59	11.80	12.05	12.20	12.18	11.97	11.43
Chicago	11.35	11.66	11.85	12.26	12.14	11.86	11.25	11.23	11.14	11.32	11.47	11.66	11.97
Cincinnati	11.40	11.28	11.26	11.36	11.47	11.45	11.40	11.57	11.71	12.01	12.81	13.30	13.40
Cleveland	10.54	10.80	10.40	10.49	10.77	10.82	9.97	9.60	9.79	10.25	11.10	12.25	13.13
Columbus	9.34	9.11	9.07	9.38	9.94	10.16	10.20	10.41	10.62	10.50	12.13	10.74	11.62
Denver	10.95	10.90	10.87	11.02	11.24	11.16	10.76	10.31	9.94	10.02	10.92	10.86	12.51
Detroit	10.87	10.86	10.49	10.40	10.70	10.93	10.79	10.65	10.27	10.05	10.32	10.68	10.98
Houston	7.91	7.78	8.00	8.29	8.59	8.53	8.70	8.95	9.28	9.03	9.31	9.87	10.17
Kansas City	6.73	6.77	6.88	7.00	7.11	6.86	6.61	6.48	6.51	6.40	6.79	6.58	6.66
Los Angeles	11.17	11.31	11.87	12.31	12.79	12.82	12.33	12.32	12.28	12.21	12.36	12.51	12.46
Milwaukee	10.09	10.00	9.88	9.95	10.02	9.95	9.64	9.51	9.60	9.02	9.15	8.97	8.95
Minneapolis	8.76	8.82	9.18	9.29	9.59	9.57	9.13	8.58	8.50	9.00	8.95	9.04	8.94
New Orleans	8.53	8.45	8.41	8.49	8.53	8.01	8.04	8.17	8.36	8.32	8.67	8.45	8.31
New York	18.30	17.83	17.58	17.56	17.40	17.20	16.97	16.74	17.02	17.88	18.54	19.30	19.10
Omaha	10.43	10.47	10.54	10.21	10.00	9.73	9.90	10.11	10.28	10.32	10.37	10.30	10.16
Philadelphia	13.24	13.16	13.20	13.23	13.08	13.23	13.08	12.94	12.45	12.37	12.98	13.30	13.40
Pittsburgh	9.70	9.77	9.91	10.51	10.96	10.82	9.93	9.42	9.29	10.28	9.80	9.95	9.60
Richmond	9.96	9.87	9.70	9.69	9.41	9.75	10.01	10.53	10.29	10.31	10.41	10.52	10.52
Saint Louis	9.81	9.74	9.79	9.94	10.17	10.37	10.38	9.95	9.26	9.34	9.69	10.04	10.33
Salt Lake City	9.68	9.74	9.91	9.70	9.50	9.16	8.98	8.98	9.02	9.37	9.10	9.21	9.21
San Francisco	11.41	11.82	11.83	12.01	11.93	11.83	11.41	11.02	11.01	10.67	10.73	10.96	11.25
Seattle	10.48	10.52	10.23	10.37	10.53	10.60	10.50	10.56	10.46	x	x	x	x

\*Preliminary

xNewspaper strike

# REAL ESTATE TRANSFERS IN PRINCIPAL CITIES 1930-1936

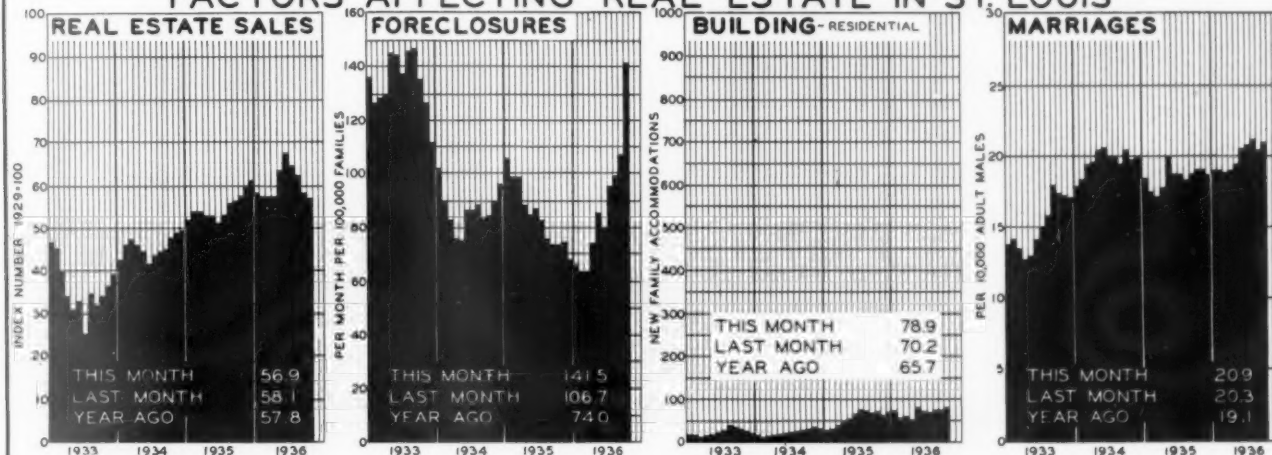
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NOTE: CITIES SHOWING NO PERCENTAGE FIGURE INDICATES THAT CURRENT FIGURES WERE NOT AVAILABLE FOR THIS ISSUE.



## FACTORS AFFECTING REAL ESTATE IN ST. LOUIS



**R**EAL Estate Analysts, Inc., has made an intensive study of Greater Saint Louis on the assumption that an exhaustive study over a long period of all factors affecting real estate in one representative community is often of greater value in determining the sequence of events in collapse and recovery than is a general study of the entire country.

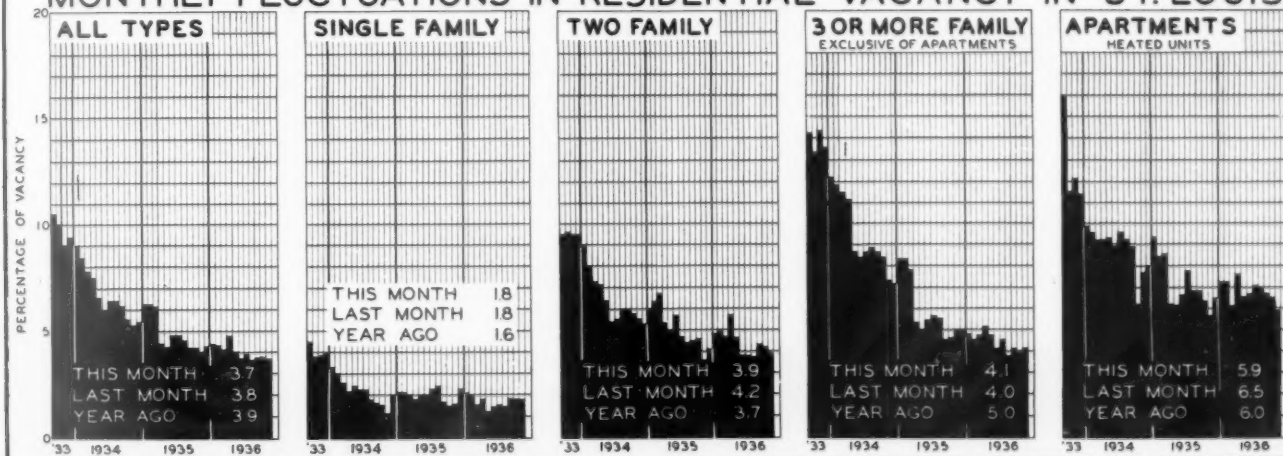
The significant development in the recent past is the rapid increase in foreclosures, caused almost entirely by the HOLC. There is no cause for alarm in these increases. These foreclosures should be considered as ones which normally would have taken place two or three years ago. In states where foreclosure is a lengthier process than it is in Missouri this increase in foreclosures will appear in the future.

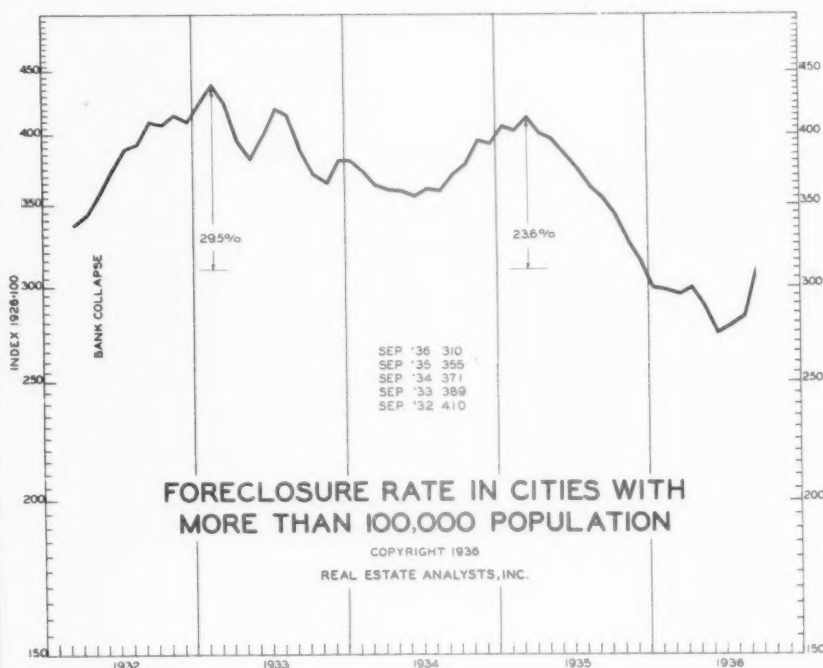
Total residential vacancy in Saint Louis showed no pronounced change during the period from October 9 to November 6.

The number of vacant residential units for November of the last five years is shown in the following table:

Date	Vacancies	Vacancy %
November, 1932	28,207	12.8
November, 1933	20,450	9.1
November, 1934	12,100	5.4
November, 1935	8,580	3.9
November, 1936	8,200	3.7

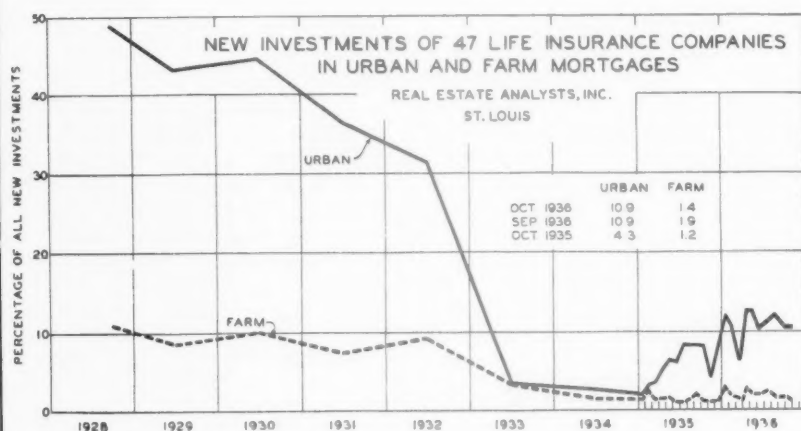
## MONTHLY FLUCTUATIONS IN RESIDENTIAL VACANCY IN ST. LOUIS



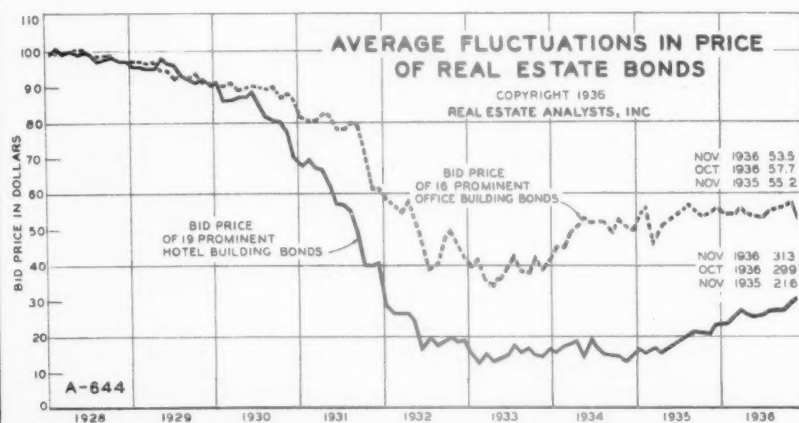


THE chart to the left shows the monthly fluctuations in the foreclosure rate in larger cities.

The drop in foreclosures has been temporarily halted by HOLC foreclosures. We believe that the foreclosure rate will increase materially during the next few months due to this cause. These foreclosures may be regarded as ones which would normally have taken place two or three years ago.



THE chart to the left shows the percentage of all new investments each month invested in urban and farm mortgages by forty-seven life insurance companies. Urban mortgages are slowly coming back into favor. There is no decided trend regarding farm mortgages.



THE chart to the left shows the fluctuations in the bid prices of real estate bonds. There has been a pronounced trend upward in hotel bonds during the past year and a half. Office building bonds are not showing as pronounced a trend.